

**STATE BONDING FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF JUNE 30, 2007**

	June-07					March-07				December-06				September-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Policy	Quarter	Month	Market Value	Allocation	Policy	Quarter	Market Value	Allocation	Policy	Quarter	Market Value	Allocation	Policy	Quarter	FYTD	FY06	Ended	Ended
				Net ROR	Net ROR				Net ROR				Net ROR				Net ROR	Net	Net	6/30/2006	6/30/2006
<b>LARGE CAP DOMESTIC EQUITY</b>																					
<i>Structured Growth</i>																					
Los Angeles Capital	79,966	2.9%	2.8%	7.52%	-1.44%	74,366	2.8%	2.8%	3.86%	80,202	2.8%	2.8%	7.40%	76,653	2.7%	2.8%	1.60%	21.84%	11.12%	13.35%	N/A
<b>Total Structured Growth</b>	<b>79,966</b>	<b>2.9%</b>	<b>2.8%</b>	<b>7.52%</b>	<b>-1.44%</b>	<b>74,366</b>	<b>2.8%</b>	<b>2.8%</b>	<b>3.86%</b>	<b>80,202</b>	<b>2.8%</b>	<b>2.8%</b>	<b>7.40%</b>	<b>76,653</b>	<b>2.7%</b>	<b>2.8%</b>	<b>1.60%</b>	<b>21.84%</b>	<b>11.12%</b>	<b>13.35%</b>	<b>10.94%</b>
<i>Russell 1000 Growth</i>				6.86%	-1.49%				1.19%				5.93%				3.94%	19.04%	6.12%	8.70%	9.28%
<i>Structured Value</i>																					
LSV	78,947	2.9%	2.8%	6.59%	-2.33%	74,050	2.8%	2.8%	2.38%	88,774	3.1%	2.8%	8.10%	84,460	3.0%	2.8%	4.91%	23.77%	15.05%	19.00%	16.55%
Russell 1000 Value				4.93%	-2.34%				1.24%				8.00%				6.22%	21.87%	12.10%	15.93%	13.31%
<i>Russell 1000 Enhanced Index</i>																					
LA Capital	159,424	5.8%	5.6%	6.83%	-1.90%	149,227	5.6%	5.6%	1.65%	168,219	5.8%	5.6%	7.67%	152,896	5.4%	5.6%	3.72%	21.27%	11.58%	13.46%	N/A
Russell 1000				5.90%	-1.91%				1.21%				6.95%				5.06%	20.43%	9.08%	12.34%	N/A
<i>S&amp;P 500 Enhanced Index</i>																					
Westridge	170,145	6.2%	5.6%	6.41%	-1.62%	159,892	6.0%	5.6%	0.74%	169,491	5.9%	5.6%	6.85%	163,265	5.8%	5.6%	5.74%	21.12%	8.77%	11.98%	N/A
S&P 500				6.28%	-1.66%				0.64%				6.70%				5.67%	20.59%	8.63%	11.68%	N/A
<i>Index</i>																					
State Street	49,181			5.47%	-1.80%	46,555			1.42%	59,571			7.85%	56,716			5.59%	21.82%	9.51%	12.34%	11.08%
<b>Total 130/30</b>	<b>49,181</b>	<b>1.8%</b>	<b>1.9%</b>	<b>5.47%</b>	<b>-1.80%</b>	<b>46,555</b>	<b>1.7%</b>	<b>1.9%</b>	<b>1.42%</b>	<b>59,571</b>	<b>2.1%</b>	<b>1.9%</b>	<b>7.85%</b>	<b>56,716</b>	<b>2.0%</b>	<b>1.9%</b>	<b>5.59%</b>	<b>21.82%</b>	<b>9.51%</b>	<b>12.34%</b>	<b>11.08%</b>
S&P 500				6.28%	-1.66%				0.64%				6.70%				5.67%	20.59%	8.63%	11.68%	10.71%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>537,662</b>	<b>19.7%</b>	<b>18.8%</b>	<b>6.64%</b>	<b>-1.79%</b>	<b>504,090</b>	<b>18.8%</b>	<b>18.8%</b>	<b>1.77%</b>	<b>566,257</b>	<b>19.5%</b>	<b>18.8%</b>	<b>7.48%</b>	<b>533,990</b>	<b>19.0%</b>	<b>18.8%</b>	<b>4.47%</b>	<b>21.86%</b>	<b>10.95%</b>	<b>13.76%</b>	<b>12.22%</b>
S&P 500				6.28%	-1.66%				0.64%				6.70%				5.67%	20.59%	8.63%	11.68%	10.71%
<b>SMALL CAP DOMESTIC EQUITY</b>																					
<i>Manager-of-Managers</i>																					
SEI	181,405	6.6%	6.3%	6.28%	-1.29%	170,471	6.4%	6.3%	2.41%	191,443	6.6%	6.3%	8.80%	175,728	6.3%	6.3%	-0.03%	18.39%	13.58%	13.70%	14.37%
Russell 2000 + 200bp				4.94%	-1.30%				2.45%				9.43%				0.94%	18.76%	16.86%	15.72%	16.16%
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>181,405</b>	<b>6.6%</b>	<b>6.3%</b>	<b>6.28%</b>	<b>-1.29%</b>	<b>170,471</b>	<b>6.4%</b>	<b>6.3%</b>	<b>2.41%</b>	<b>191,443</b>	<b>6.6%</b>	<b>6.3%</b>	<b>8.80%</b>	<b>175,728</b>	<b>6.3%</b>	<b>6.3%</b>	<b>-0.03%</b>	<b>18.39%</b>	<b>13.58%</b>	<b>13.70%</b>	<b>14.37%</b>
Russell 2000				4.42%	-1.46%				1.95%				8.90%				0.44%	16.44%	14.58%	13.45%	13.88%
<b>INTERNATIONAL EQUITY</b>																					
<i>Large Cap - Active</i>																					
Capital Guardian	120,157	4.4%	4.0%	7.29%	-0.01%	110,543	4.1%	4.0%	3.07%	124,666	4.3%	4.0%	8.50%	114,737	4.1%	4.0%	5.00%	25.99%	28.07%	21.19%	14.89%
LSV	114,132	4.2%	4.0%	6.28%	0.29%	105,976	4.0%	4.0%	5.08%	123,882	4.3%	4.0%	10.63%	111,972	4.0%	4.0%	6.22%	31.24%	27.09%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>234,290</b>	<b>8.6%</b>	<b>8.0%</b>	<b>6.80%</b>	<b>0.14%</b>	<b>216,519</b>	<b>8.1%</b>	<b>8.0%</b>	<b>4.06%</b>	<b>248,549</b>	<b>8.6%</b>	<b>8.0%</b>	<b>9.55%</b>	<b>226,709</b>	<b>8.1%</b>	<b>8.0%</b>	<b>5.60%</b>	<b>28.57%</b>	<b>27.66%</b>	<b>22.95%</b>	<b>18.43%</b>
MSCI EAFE - 50% Hedged				6.69%	0.04%				4.03%				9.06%				4.87%	26.94%	26.72%	22.55%	15.71%
<i>Small Cap - Value</i>																					
Lazard	27,893	1.0%	1.0%	2.34%	-1.90%	26,925	1.0%	1.0%	2.39%	30,538	1.1%	1.0%	14.69%	26,635	0.9%	1.0%	0.71%	21.03%	23.65%	20.93%	N/A
Citigroup Broad Market Index < \$2BN				6.19%	0.30%				7.05%				11.41%				1.53%	28.58%	29.28%	26.34%	N/A
<i>Small Cap - Growth</i>																					
Vanguard	26,616	1.0%	1.0%	5.20%	-1.17%	28,434	1.1%	1.0%	6.59%	30,971	1.1%	1.0%	12.63%	27,500	1.0%	1.0%	3.73%	31.00%	29.24%	28.08%	N/A
Citigroup Broad Market Index < \$2BN				6.19%	0.30%				7.05%				11.41%				1.53%	28.58%	29.28%	26.34%	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>288,799</b>	<b>10.6%</b>	<b>10.0%</b>	<b>6.19%</b>	<b>-0.20%</b>	<b>271,878</b>	<b>10.2%</b>	<b>10.0%</b>	<b>4.15%</b>	<b>310,058</b>	<b>10.7%</b>	<b>10.0%</b>	<b>10.33%</b>	<b>280,844</b>	<b>10.0%</b>	<b>10.0%</b>	<b>4.91%</b>	<b>28.02%</b>	<b>27.35%</b>	<b>23.43%</b>	<b>17.15%</b>
MSCI EAFE - 50% Hedged				6.69%	0.04%				4.03%				9.06%				4.87%	26.94%	26.72%	22.55%	15.71%
<b>DOMESTIC FIXED INCOME</b>																					
<i>Core Bond</i>																					
Western Asset	438,553	16.1%	17.1%	-0.90%	-0.80%	438,560	16.4%	16.8%	1.61%	545,139	18.8%	19.0%	2.01%	531,335	18.9%	19.0%	4.45%	7.29%	-0.90%	4.44%	5.64%
Lehman Aggregate				-0.52%	-0.30%				1.50%				1.24%				3.81%	6.12%	-0.81%	3.96%	4.48%
<i>Mortgage Backed</i>																					
Hyperion	123,746	4.5%	4.4%	-0.68%	-0.29%	122,493	4.6%	4.4%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Lehman Global Aggregate (US Securitized Portion)				-0.45%					1.89%												
<i>Core Plus/Enhanced</i>																					
Clifton Group	120,824	4.4%	4.4%	-0.52%	-0.15%	121,664	4.5%	4.4%	1.91%	124,064	4.3%	4.4%	0.66%	122,558	4.4%	4.4%	3.40%	5.52%	N/A	N/A	N/A
Prudential	120,627	4.4%	4.4%	-0.51%	-0.71%	121,325	4.5%	4.4%	1.50%	124,236	4.3%	4.4%	1.89%	121,190	4.3%	4.4%	N/A	N/A	N/A	N/A	N/A
<b>Total Core Plus/Enhanced</b>	<b>241,451</b>	<b>8.8%</b>	<b>8.8%</b>	<b>-0.52%</b>	<b>-0.43%</b>	<b>242,989</b>	<b>9.1%</b>	<b>8.8%</b>	<b>1.70%</b>	<b>248,300</b>	<b>8.6%</b>	<b>8.8%</b>	<b>1.27%</b>	<b>243,748</b>	<b>8.7%</b>	<b>8.8%</b>	<b>3.40%</b>	<b>5.95%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Lehman Aggregate				-0.52%	-0.30%				1.50%				1.24%				3.81%	6.12%			
<i>Index</i>																					
Bank of ND	215,667	7.9%	7.7%	-0.41%	-0.11%	223,715	8.4%	8.3%	1.37%	229,327	7.9%	8.3%	1.31%	233,697	8.3%	8.3%	3.10%	5.45%	-1.14%	2.92%	4.32%
Lehman Govt/Credit (1)				-0.49%	-0.21%				1.47%				1.04%				3.91%	6.00%	-1.52%	3.04%	4.35%
<i>BBB Average Quality</i>																					
Wells Capital (formerly Strong)	434,260	15.9%	17.1%	-0.33%	-0.33%	435,559	16.3%	16.8%	1.74%	543,583	18.8%	19.0%	1.75%	531,191	18.9%	19.0%	4.60%	7.93%	-2.11%	4.86%	6.59%
Lehman US Credit BAA				-0.66%	-0.63%				1.79%				1.49%				4.80%	7.54%	-2.37%	4.47%	6.59%
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>1,453,678</b>	<b>53.2%</b>	<b>55.0%</b>	<b>-0.57%</b>	<b>-0.45%</b>	<b>1,463,316</b>	<b>54.7%</b>	<b>55.0%</b>	<b>1.57%</b>	<b>1,566,348</b>	<b>54.1%</b>	<b>55.0%</b>	<b>1.70%</b>	<b>1,539,971</b>	<b>54.8%</b>	<b>55.0%</b>	<b>4.28%</b>	<b>7.11%</b>	<b>-1.39%</b>	<b>3.89%</b>	<b>5.04%</b>
Lehman Aggregate (2)				-0.52%	-0.30%				1.50%				1.24%				3.81%	6.12%	-0.81%	4.13%	4.87%
<b>CASH EQUIVALENTS</b>																					
Bank of ND	270,294	9.9%	10.0%	1.28%	0.41%	266,823	10.0%	10.0%	1.32%	263,060	9.1%	10.0%	1.32%	277,253	9.9%	10.0%	1.35%	5.36%	4.50%	4.10%	3.00%
90 Day T-Bill				1.27%	0.39%				1.25%				1.26%				1.33%	5.21%	4.00%	3.78%	2.76%
<b>TOTAL BONDING FUND</b>	<b>2,731,837</b>	<b>100.0%</b>	<b>100.0%</b>	<b>2.09%</b>	<b>-0.65%</b>	<b>2,676,577</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.93%</b>	<b>2,897,167</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.07%</b>	<b>2,807,786</b>	<b>100.0%</b>	<b>100.0%</b>	<b>12.43%</b>	<b>5.28%</b>	<b>8.06%</b>	<b>8.32%</b>	
<i>POLICY TARGET BENCHMARK</i>				1.95%	-0.52%				1.61%				3.50%				3.81%	11.30%	4.99%	7.64%	7.64%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.